

## ACTION PLAN

Submitted by agency?	Yes
Timeline assigned?	No
Responsibility assigned?	No

### Vetoed Performance Measures from 2018 Session

1	Personal income tax returns flagged as questionable
2	Credit requests denied as a percent of total credit requests received
3	Personal income tax returns processed, in millions
4	Questionable personal income tax returns stopped
5	Collections as a percent of collectible outstanding balances aged less than twenty-four months
6	Delinquent property tax sales held
7	Turnover rate of tax fraud investigators
8	General fund revenue pending from unresolved tax protest cases, in millions

## Taxation and Revenue Department

The department is lagging on targets for outstanding balance and audit assessments, as well as delinquent tax collection and distribution to counties. Call center wait times for the Motor Vehicle Division (MVD) are also not meeting targets, although wait times at field offices are close to targets. Underlying challenges include high vacancy rates, in some cases affecting services, and a lack of consistent, accurate reporting from vendors and third parties. Improving quarterly reporting to include a focus on corrective action timelines and responsibilities may help to support more effective management and oversight of programs. TRD has several high-level vacancies, including chief legal counsel and tax fraud investigation division director.

The Legislature approved eight new performance measures for TRD in the 2018 GAA for FY19, but all were vetoed. TRD and DFA have collaborated with LFC staff to develop and report improved measures for the FY20 budget cycle, though some of the vetoed measures remain unaddressed. Additionally, current performance measures do not provide a full picture of TRD services nor challenges facing the department, such as high vacancy and turnover rates affecting TRD's ability to meet performance targets.

### Tax Administration

The Tax Administration Program is falling behind on meeting its annual collections performance targets. At the end of the third quarter, the program had collected 18 percent of outstanding balances. The program has also collected 36 percent of its total collectible audit assessments of \$64 million. This percentage has declined from quarter to quarter, as the collectible balance has increased and the amount collected has remained fairly steady.

The Audit and Compliance Division (ACD) received FY20 appropriations for collections enhancements and is currently implementing these projects. ACD is also implementing a data analytics solution that will identify the most collectable audits.

**Budget:** \$30,200 **FTE:** 495.8

Measure	FY17 Actual	FY18 Actual	FY19 Target	Q1	Q2	Q3	Rating
Collections as a percent of collectible outstanding balances from the end of the prior fiscal year	18%	17%	28%	10%	15%	18%	Y
Collections as a percent of collectible audit assessments generated in the current fiscal year plus assessments generated in the last quarter of the prior fiscal year	58%	50%	65%	47%	43%	36%	Y
Electronically filed personal income tax and combined reporting system returns*	86%	87%	N/A		Annual		

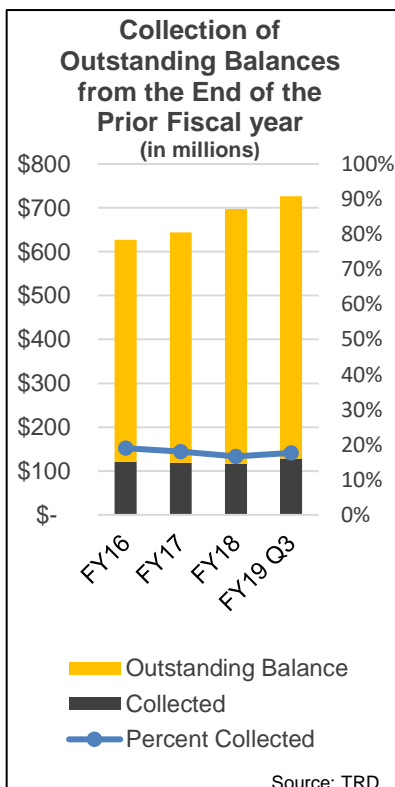
### Program Rating

Y

Y

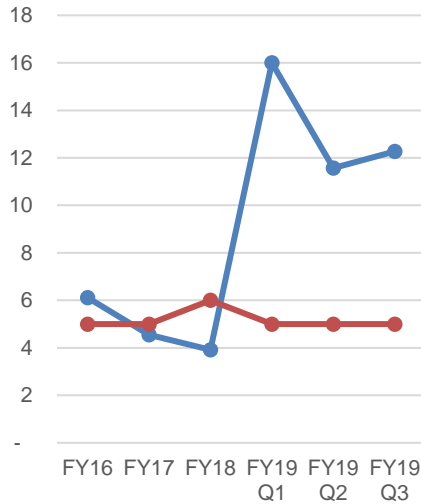
Y

\*Measure is classified as explanatory and does not have a target.



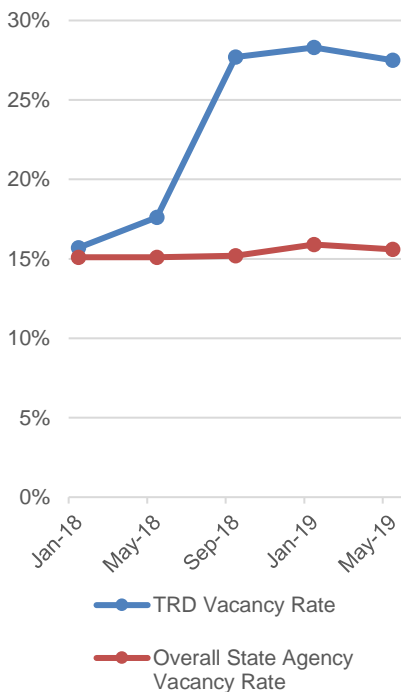


**Average MVD Call Center Wait Time (in minutes)**



Source: TRD Quarterly Reports

**TRD and Overall Agency Vacancy Rate by Month**



Source: SPO headcount reports

## Motor Vehicle

MVD has been close to achieving its target for registered vehicles with liability insurance for the past three quarters, and has identified two main challenges to meeting the target. An error in the number of vehicles tracked by the insurance verification vendor led to tracking of approximately 70,000 vehicles that should not be tracked. In addition, insurance companies sometimes report data late and erroneously, impacting approximately 35,000 registered vehicles in the third quarter. The program is working with its vendor to ensure accurate tracking of vehicles, and also working with the Office of the Superintendent of Insurance to take administrative action against offending insurers.

In the 38 MVD field offices with “q-matic” systems that measure wait times, the average wait in the third quarter was 16:42 minutes, above the target of 15 minutes, due in part to a field office vacancy rate of 23 percent. MVD plans to expedite hiring. Phone wait times were 12:16 minutes on average, more than double the target wait time of less than 5 minutes. The MVD attributes an increase in call volume to Real ID requirements, as well as a call center vacancy rate of over 25 percent.

**Budget:** \$32,160 **FTE:** 338

Measure	FY17 Actual	FY18 Actual	FY19 Target	Q1	Q2	Q3	Rating
Registered vehicles with liability insurance	90%	90%	93%	90%	91%	90%	Y
Average wait time in “q-matic” equipped offices, in minutes	22:56	20:45	<15:00	16:29	14:29	16:42	Y
Average call center wait time to reach an agent, in minutes	4:33	3:55	<5:00	16:00	11:34	12:16	R
<b>Program Rating</b>	<b>G</b>	<b>Y</b>					<b>Y</b>

## Property Tax

The Property Tax Program is not on track to meet its FY19 target of collecting and distributing \$13 million in delinquent property tax to counties. The program has collected and distributed a total of \$7.8 million through the third quarter of the year, or 60 percent of its FY19 target. The amount collected fell by half from the second quarter.

**Budget:** \$4,077 **FTE:** 39

Measure	FY17 Actual	FY18 Actual	FY19 Target	Q1	Q2	Q3	Rating
Delinquent property tax collected and distributed to counties, in millions	\$11.2	\$14.6	\$13.0	\$3.1	\$3.2	\$1.5*	Y
<b>Program Rating</b>	<b>G</b>	<b>G</b>					<b>Y</b>

\* Q3 amount is preliminary and will be revised in the following quarter



### Program Support

The department is not on track to meet its performance target for the number of tax protest cases resolved. As of the third quarter, it had resolved less than half of its target number of cases for FY19. The department attributes the slow progress to inadequate staffing, and also plans to implement new procedures to streamline resolution of cases.

The department has not reported any quarterly results in FY19 for internal audit recommendations implemented.

**Budget:** \$19,314 **FTE:** 173

Measure	FY17 Actual	FY18 Actual	FY19 Target	Q1	Q2	Q3	Rating
Tax protest cases resolved	1,524	1,315	1,500	226	197	275	R
Internal audit recommendations implemented	91%	94%	91%	Not reported	Not reported	Not reported	R
<b>Program Rating</b>	G	G					R